

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 ABF-01 /032 W

-----171236Z 115362 /14

R 171047Z APR 77

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 1322

INFO AMEMBASSY ATHENS

USDOC WASHDC

UNCLAS SECTION 1 OF 3 AMMAN 2202

STATE FOR EB/OCA AND NEA COMMERCIAL COORDINATOR

ATHENS FOR RTDO

E.O.11652: N/A

TAGS: BEXP, AFSP, JO

SUBJECT: PROJECTED FY '78 COMMERCIAL ACTION PROGRAM, JORDAN

REF: (A) STATE A-111 (B) 76 AMMAN A-66 (C) AMMAN A-11

(D) 76 AMMAN 3819 (E) AMMAN 1454 (F) 75 AMMAN A-115

1. COMMERCIAL ACTIVITY IN JORDAN, BOTH IN ITS NATURE AND EXTENT ON ONE HAND, AND EMBASSY ORGANIZATION ADAPTED TO PROVIDE HIGHEST QUALITY COMMERCIAL SERVICES POSSIBLE ON OTHER HAND, HAVE CHANGED SIGNIFICANTLY OVER PAST ONE AND HALF YEARS. JORDANIAN RECOVERY FROM 1967 WAR AND 1970-71 CIVIL STRIFE, WHICH TOOK PLACE SIMULTANEOUSLY WITH REGIONAL BOOM BASED ON INCREASED OIL REVENUES IN NEARBY ARAB STATES, COMBINED TO RESULT IN FULL FLEDGED LOCAL BOOM IN 1976. COUNTRY HAS ALSO GAINED IMPORTANCE AS REGIONAL ENTREPOT, AND WHEREAS THERE WERE SIX US BUSINESSMEN RESIDING IN JORDAN IN LATE 1975, THERE ARE NOW SOME FORTY US FIRMS WHO MAINTAIN REPRESENTATIVES RESIDENT IN AMMAN. IN ADDITION, JORDANIAN JOINT VENTURES WITH FOREIGN PARTNERS, PREVIOUSLY UNHEARD OF, HAVE BEEN DEVELOPING IN VARIETY OF ENTERPRISES AND PROSPECTS ARE FOR THEIR INCREASE.

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IN ORDER FOR EMBASSY BETTER TO COPE WITH THESE DEVELOPMENTS AND IN ANTICIPATION OF THEM, SEPARATE ECONOMIC/COMMERCIAL SECTION (PREVIOUSLY COMBINED WITH AID) WAS ESTABLISHED IN SEPTEMBER, 1975. RESPONDING TO RAPID CHANGES IN COMMERCIAL CONDITIONS THAT OCCURRED IN 1976, WE STARTED PUBLICATION OF QUARTERLY COMMERCIAL NEWSLETTER, ISSUED A "BUSINESSMAN'S GUIDE TO JORDAN", ADDED ONE LOCAL EMPLOYEE TO STAFF OF COMMERCIAL OFFICE, AND ESTABLISHED A

SCHEDULE OF QUARTERLY MEETINGS BETWEEN AMERICAN BUSINESS COMMUNITY AND AMBASSADOR AND HIS STAFF. IN MID-1976, COINCIDENTAL WITH ARRIVAL OF NEW COMMERCIAL OFFICER, WE BEGAN EFFORT TO MOVE FROM AD HOC APPROACH FORCED UPON US BY EVENTS TO THE MORE SYSTEMATIC, THOUGH FLEXIBLE, PLANNING OF A COMMERCIAL PROGRAM FOR CALENDAR 1977. THIS PROGRAM HAS BEEN PREPARED AND IS NOW BEING IMPLEMENTED. NOT SO FORMAL AS CAP, MUCH LESS CCP, OUR PROGRAM NONETHELESS BEARS CONSIDERABLE RESEMBLANCE TO THEM. GIVEN NUMEROUS UNCERTAINTIES IN DIRECTION COMMERCIAL SITUATION, WE PREFER TO DEFER PREPARATION OF FULL CAP UNTIL A MORE SUBSTANTIAL DEGREE OF STABILITY IN TRENDS IS APPARENT. IT TURNS OUT THAT PROGRAM OUTLINED BELOW IS INTENDED FOR COMPLETION BY END OF FY 77. EXPERIENCE WITH OUR EFFORTS TO PRODUCE INFORMAL MARKET RESEARCH MAY WARRANT MORE FORMAL STUDIES IN FY 78, LEADING TO PROPOSALS FOR CATALOGUE SHOWS AND/OR SUGGESTIONS FOR SCHEDULING TRADE PROMOTION EVENTS SPECIFICALLY DESIGNED FOR JORDAN. IN PAST (REF D)) WE HAVE OPTED TO ENCOURAGE INCLUSION OF JORDAN IN SUCH EVENTS THAT HAVE BEEN DESIGNED FOR AND JUSTIFIED BY MORE ATTRACTIVE MARKETS OFFERED BY NEARBY COUNTRIES.

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R 171047Z APR 77  
FM AMEMBASSY AMMAN  
TO SECSTATE WASHDC 1323  
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UNCLAS SECTION 2 OF 3 AMMAN 2202

E.O.11652: N/A  
TAGS: BEXP, AFSP, J  
SUBJECT: PROJECTED FY '78 COMMERCIAL ACTION PROGRAM, JORDAN

2. COMMERCIAL SETTING--SOME FACTORS OF IMPORTANCE INCLUDE:

A. JORDAN'S 1976-1980 FIVE YEAR DEVELOPMENT PLAN (REF B), WHICH CALLS FOR INVESTMENT EXPENDITURE OF ABOUT \$2.3 BILLION. THOUGH THERE HAS BEEN NO FORMAL GOJ REVIEW OF FIRST YEAR OF PLAN PRODUCED SO FAR, WE SUSPECT THAT PUBLIC EXPENDITURE HAS LAGGED WHILE PRIVATE SECTOR INVESTMENT EXPENDITURE PROBABLY EXCEEDED ITS TARGET IN 1976:

B: JORDAN'S BOOM WAS STIMULATED BY BEIRUT'S CEASING TO BE VIABLE LOCATION AS REGIONAL BUSINESS CENTER. WE BELIEVE THAT LOCAL ECONOMIC GROWTH HAS SUFFICIENT MOMENTUM TO BE SUSTAINED INDEPENDENT OF RECOVERY IN BEIRUT, BUT ARE EQUALLY CERTAIN THAT PACE AND DEGREE OF RECOVERY THERE WILL HAVE SOME EFFECT ON DIRECTION AND PACE OF BUSINESS ACTIVITY HERE:

C. 1976 MERCHANDISE IMPORTS INTO JORDAN APPROACHED \$1 BILLION. IN 1975 FRG EDGED OUT US IN FIRST PLACE AS SUPPLIER TO JORDAN. IN 1976 GAP WIDENED. WE BELIEVE CAUSES OF THIS TREND INCLUDE RELATIVE TRANSPORTATION COSTS, GRADUAL EROSION OF LOCAL BELIEF THAT AMERICAN PRODUCTS ARE ALWAYS "BEST", RELATIVE UNCLASSIFIED

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AGGRESSIVENESS OF POTENTIAL SUPPLIERS, AND TO UNQUANTIFIABLE EXTENT, EXISTING AND PENDING US ANTI-BOYCOTT LEGISLATION. THOUGH JORDAN IS DEPENDENT ON IMPORTS FOR MAJOR PORTION OF FOOD NEEDS, SHIFT IN COMPOSITION OF IMPORTS IS TOWARDS CAPITAL GOODS AND RAW MATERIALS.

D. IN SUM, THERE HAS BEEN RECENT SLOWDOWN IN BUSINESS ACTIVITY (REF C) OR PERHAPS MORE PROPERLY, "CORRECTION". PROSPECTS FOR AGGRESSIVE US SUPPLIERS OF GOODS AND SERVICES, PARTICULARLY CAPITAL GOODS, SHOULD REMAIN ATTRACTIVE IN AT LEAST SHORT TERM IN THIS SMALL BUT GROWING MARKET.

3. PERSONNEL RESOURCES--A) EMBASSY HAS NOT CONSTITUTED FORMAL COUNTRY COMMERCIAL ACTION GROUP. OVERALL POLICY FOR OUR COMMERCIAL ACTIVITY IS ESTABLISHED AND CLOSELY SUPERVISED BY AMBASSADOR AND DCM THROUGH AND WITH ADVISE OF CHIEF OF ECONOMIC/COMMERCIAL SECTION. COMMERCIAL OFFICER IS RESPONSIBLE FOR CONTRIBUTIONS TO ESTABLISHMENT OF BROAD GUIDELINES AND RESPONSIBLE FOR ACTUAL OPERATION OF COMMERCIAL OFFICE. LATERAL COORDINATION IS EFFECTED PRIMARILY WITH PAO, AID CAPITAL DEVELOPMENT OFFICE AND AID (PASA) AGRICULTURAL ECONOMIST. IF FORMAL COUNTRY COMMERCIAL ACTION GROUP IS FORMED, ITS LIKELY COMPOSITION WOULD BE THOSE OFFICERS LISTED ABOVE, WHO ALREADY CONSTITUTE IN FORMAL CAG.

B) STATE-FUNDED ECONOMIC COMMERCIAL SECTION PERSONNEL-CHIEF OF ECONOMIC/COMMERCIAL SECTION--FSO 5--REPORTING ON MACRO-ECONOMICS PRIMARY CONTACT WITH GOJ AGENCIES WITH COMMERCIAL/ECONOMIC RESPONSIBILITIES, SUPERVISION OF COMMERCIAL OFFICER AND HIS STAFF.

COMMERCIAL OFFICER--FSR 6--DIRECT SUPERVISION OF STAFF OF COMMERCIAL OFFICE LOCAL PERSONNEL, REPORTING COMMERCIAL TRENDS AND OPPORTUNITIES, DIRECT ASSISTANCE TO AMERICAN AND JORDANIAN BUSINESSMEN. C COMMERCIAL ADVISOR--FSL 1--PROVISION OF INFORMATION AND ASSISTANCE

TO COMMERCIAL OFFICER IN HIS FUNCTION: PARTICULARLY RESPONSIBLE  
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FOR MAINTAINENCE OF CONTACT WITH JORDANIAN BUSINESS COMMUNITY.

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ACTION EB-08

INFO OCT-01 ISO-00 NEA-10 EUR-12 ABF-01 /032 W  
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FM AMEMBASSY AMMAN  
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INFO AMEMBASSY ATHENS  
HUEHDORVUSDOC WASHDC

UNCLAS SECTION 3 OF 3 AMMAN 2202

E.O.11652: N/A  
TAGS: BEXP, AFSP, JO  
SUBJECT: PROJECTED FY '78 COMMERCIAL ACTION PROGRAM, JORDAN

COMMERCIAL ASSISTANT--FSL3--PREPARATION OF ALL ROUTINE COMMERCIAL  
REPORTING, DRAFTING REPLIES TO COMMERCIAL CORRESPONDENCE,  
ADMINISTRATIVE SUPERVISION OF COMMERCIAL OFFICE.  
CLERK/TYPIST--FSL 7--RECEPTIONIST FOR COMMERCIAL OFFICE,  
TYPIST, FILE CLERK, GENERAL SECRETARIAL SUPPORT FOR COMMERCIAL OFFICE.  
ANALYST/TRANSLATOR--FSL3--ON PART TIME BASIS, UNDERTAKES  
TRANSLATION  
AND ECONOMIC RESEARCH FOR CHIEF OF SECTION.

4. CALENDAR 1976 COMMERCIAL ACTIVITIES--IN ADDITION TO  
SIGNIFICANT  
AD HOC PROGRAMS INDICATED IN PARAGRAPH 1 ABOVE ON BASIS OF TWO  
IMPORTANT TRADE MISSIONS (NORTH DAKOTA AND SOUTH CAROLINA)  
EMBASSY DEVELOPED INTERNAL GUIDELINES FOR PROGRAMMING AMERICAN  
TRADE MISSIONS THAT ARE INTERESTED IN VISITING, OR SHOULD BE  
ENCOURAGED  
TO VISIT, JORDAN (CF REF D)).

5. CALENDAR 1977 COMMERCIAL PROGRAM

A. DETERMINATION OF MAN HOURS PER COMMERCIAL OFFICE EMPLOYEE  
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PER WEEK PRESENTLY DEVOTED TO ROUTINE ACTIVITIES (WTDR'S BUSINESS CORRESPONDENCE, DIRECT ASSISTANCE TO VISITING JORDANIAN AND AMERICAN BUSINESSMEN, ETC.) HAS BEEN ACCOMPLISHED. AS A RESULT, IT APPEARS THAT APPROXIMATELY 10 PERCENT OF COMMERCIAL OFFICE STAFF TIME IS AVAILABLE FOR "SPECIAL EFFORTS."

B. CONDUCT INFORMAL MARKET STUDIES ON:  
I) AGRICULTURAL AND IRRIGATION EQUIPMENT,  
II) EXTRACTIVE INDUSTRY EQUIPMENT, AND  
III) CONSTRUCTION EQUIPMENT  
THE FIRST INFORMAL MARKET STUDY WILL BE EVALUATED FOR ITS USEFULNESS PRIOR TO UNDERTAKING OTHERS.

C. DAMASCUS INTERNATIONAL FAIR--WE HAVE HOSTED ONE SEMINAR CONDUCTED BY ECONOMIC/COMMERCIAL OFFICER FROM OUR EMBASSY IN DAMASCUS TO PROMOTE PARTICIPATION IN FAIR BY AMERICAN FIRMS REPRESENTED IN AMMAN AND PROVIDED ASSISTANCE IN FOLLOW UP VISIT TO AMMAN BY ANOTHER OFFICER FROM DAMASCUS. WE WILL CONTINUE TO PROVIDE LIAISON FOR FAIR, DISSEMINATE INFORMATION TO LOCAL AMERICAN BUSINESS COMMUNITY ON FAIR, AND GENERALLY SERVE AS COMMUNICATION CHANNEL BETWEEN DAMASCUS EMBASSY AND COMMUNITY.

D. (FIRST) SEMINAR FOR JORDANIAN BUSINESSMEN ON COMMERCIAL SERVICES OF EMBASSY--AMBASSADOR WILL HOST INFORMAL SEMINAR FOR MOST ACTIVE LOCAL BUSINESSMEN.

E. TRADE MISSIONS--TWO PROSPECTIVE AMERICAN TRADE MISSIONS APPEAR TO BE OF PARTICULAR INTEREST FOR JORDANIAN MARKET: ARIZONA STATE AND GULF AND WESTERN. IF THESE TAKE PLACE, WE WOULD ENCOURAGE INCLUSION OF AMMAN ON THEIR ITINERARY. WE ESTIMATE THAT WITHOUT COMPROMISING OUR ABILITY PROPERLY TO ATTEND TO OTHER COMMERCIAL ACTIVITIES, AT MAXIMUM WE COULD SUPPORT THREE TRADE MISSIONS DURING 1977.

F. REPORT ON JOINT VENTURING IN JORDAN--AS THIS ASPECT OF  
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COMMERCIAL ACTIVITY APPEARS TO BE TAKING ON SIGNIFICANCE, EXAMINATION OF RELEVANT LAWS, PROSPECTS, INGREDIENTS OF SUCCESSFUL JOINT VENTURES, PROBLEM AREAS, ETC... WILL TAKE FORM OF ONE-TIME REPORT

G. AMERICAN BUSINESS ACTIVITY IN JORDAN--BROADER THAN REPORT ON JOINT VENTURING, THIS WILL PRIMARILY UPDATE REF F) AND FOCUS ON AMMAN AS SITE FOR US REGIONAL BUSINESS OFFICES OF WHICH THERE ARE NOW ABOUT 30 LOCATED HERE.

6. FINANCIAL RESOURCES SCHEDULE--INFORMATION REQUESTED HAS BEEN PROVIDED IN REF E)  
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